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SUBJECT: Japan Economic Scope for November 5, 2008

SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

[1](#)1. (U) This cable contains the Japan Economic Scope for November 5, 2008.

Business

[1](#)2. (U) U.S.-Japan Seminar Promotes Cross Border Investment

The 2008 Japan-U.S. Investment Initiative's "Invest Japan" seminar took place October 30 in Shizuoka City. Approximately 250 business leaders and government officials attended the annual event, including executives from more than ten U.S. companies, the American Chamber of Commerce in Japan (ACCJ), and representatives of eleven U.S. states with trade and investment offices in Japan.

Shizuoka Governor Yoshinobu Ishikawa opened the event with a speech highlighting the technological and management strengths of Shizuoka-based firms, which make the prefecture an excellent place to invest. Yasuo Hayashi, Chairman of the Japan External Trade Organization (JETRO), explained Japanese government investment policies. ACCJ President Allan Smith spoke on a "Vision for a New Economic Partnership for Trade and Investment." U.S. Ambassador to APEC, Ambassador Patricia Haslach, and Sadahiro Sugita, METI Deputy Director General for Trade and Economic Cooperation, delivered welcoming remarks.

A highlight was the panel discussion, led by Prof. Haruo Shimada, Dean of the Chiba University of Commerce and chairman of the Cabinet Office Investment Experts Group, and featuring executives of U.S. and Japanese companies that have significant cross-border investment. The panel members talked about the benefits and challenges when firms operate in a foreign business environment such as the importance of locating operations close to the final customer, and the need to be sensitive to cultural differences in business practices. The U.S. firms represented were New York-based Corning Corporation, a leading manufacturer of LCD glass substrates and optical fibers, and Michigan-based Shape Corporation, a manufacturer of automobile bumpers and other vehicle structural supports. The Japanese firms were Shizuoka-based Koito Manufacturing Co., a maker of automotive lighting equipment, and Yamaha Motor Corporation, the world-famous motorcycle and recreational vehicle manufacturer.

"Invest Japan" seminars under the auspices of the bilateral Investment Initiative have been held annually since 2002 to promote greater cross-border foreign direct investment between Japan and the U.S.. This year's event was hosted by the Shizuoka Prefectural Government, with support from JETRO, the Ministry of Economy, Trade and Industry, and the U.S. Embassy.

13. (SBU) METI & MOE Study Carbon Footprint and Offset Programs

At an October 27 conference on climate change, Dr. Atsushi Inaba, Chair of the Ministry of Economy, Trade and Industry (METI)'s expert panel on carbon footprints, discussed the increasing popularity of environmentally-labeled products worldwide and demonstrated several carbon footprints and offset labels that could potentially be used in Japan. Inaba, who also serves on the Ministry of Environment's (MOE) committee on visualization of greenhouse gas emissions, reiterated that carbon footprint and offset systems should work together. He did not, however, address how METI and MOE plan to merge their independent efforts toward the two respective labeling systems.

Inaba confirmed METI plans to adopt an eventual International Organization for Standardization (ISO) standard for its domestic carbon footprint labeling program, suggesting that ISO would probably finalize its carbon footprint standards by 2011.

Environment and Energy

14. (SBU) Energy Forum Off, But IPEEC Proceeding

GOJ officials confirmed the cancellation of the November G8 Energy Forum, but said the November 14 International Partnership for Energy Efficiency Cooperation (IPEEC) 2nd Preparatory Meeting will proceed as scheduled. India reportedly has been particularly enthusiastic about IPEEC, and the Director General of the Bureau of Energy Efficiency is expected to lead the Indian delegation. However, the

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Chinese have been reluctant to commit to sending representation either from Beijing or the embassy in Tokyo, according to METI.

Food and Agriculture

15. (U) Hokkaido Re-Examining Public Support for Blanket BSE Testing

The Hokkaido Prefectural Government (HPG) began surveying residents in mid October to measure public support for continuing mandatory BSE testing of all local cattle aged twenty months and younger. Government pollsters have been collecting information in two ways: directly from attendees at a series of public meetings on food safety and security, and through an online survey advertised through the media. Interested parties can view the survey in Japanese at http://www.pref.hokkaido.lg.jp/hf/she/BSE_enq_uete.

In August, Hokkaido joined other Japanese prefectures in assuming the costs of continuing such testing on local cattle, after Japan's Ministry of Health, Labor and Welfare stopped paying for blanket BSE testing of cattle twenty months and younger. As predicted, paying for continued testing has been costly for the prefecture ever since. With Japan's largest cattle herds, blanket BSE testing will cost Hokkaido an estimated 50 million yen (\$510,000) through March 2009.

The HPG will use the results of the survey to determine whether the public would accept elimination of blanket testing as a cost cutting measure. Prefectural officials conducted a similar survey in 2007. At that time, seventy percent of respondents expressed support for continuing blanket BSE testing. It is not clear that public sentiment has changed. Consumer groups again called for continuing the tests at the recent public meetings on food safety.

Technology, Telecom, and IPR

16. (U) Science And Technology Budget Request Flat For JFY 2009

Government wide science and technology-related budget requests for JFY 2009 (April 2009 - March 2010) were essentially flat compared to the previous year's request, according to figures released by

Japan's Council for Science and Technology Policy (CSTP). In fact, the 1.2 percent increase over last year's budget request did not keep up with the latest numbers showing a 2.3 percent increase in core CPI. Following a rank-ordering of the projects in the JPY 4085.8 billion (\$40.8 billion) budget request by the CSTP in early November, the Ministry of Finance will negotiate with the various S&T - related ministries and agencies to reach agreement of a final amount. Last year's final S&T budget was 11.5 percent below the amount requested. New items in this year's S&T budget request included fund categories for "Technological Innovation" and "Science Diplomacy." Please see: www.nsftokyo.org/rm08-07.pdf.

SCHIEFFER